

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 1999-098-C - ORDER NO. 1999-636

SEPTEMBER 13, 1999

IN RE:	Application of The Free Network, LLC for a	)	ORDER
	Certificate of Public Convenience and	)	GRANTING
	Necessity to Provide Intrastate Resold	)	CERTIFICATE
	Interexchange Telecommunications Services	)	
	within the State of South Carolina.	)	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of The Free Network, LLC (“The Free Network” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold telecommunications services between and among locations within the State of South Carolina as a non-facilities based interexchange telecommunications service provider. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1998) and the Regulations of the Public Service Commission of South Carolina.

The Commission’s Executive Director instructed The Free Network to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of The Free Network’s Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Free Network complied with this

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instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on August 19, 1999, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Philip T. Bradley, Chairman, presided. The Free Network was not represented by counsel. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Christopher Kollman, President of Carrier Operations and co-founder of The Free Network, appeared and testified in support of the Application. Mr. Kollman adopted the prefiled testimony of Vitaliano Terracciano, Vice President of The Free Network. The Free Network plans to operate as a switchless reseller of interexchange telecommunications services within the State of South Carolina and it will offer its services to residential and business customers. The Company is currently certified to provide telecommunications services in thirty states and it intends to obtain certification nationwide.

Mr. Kollman testified that the underlying carrier for the Company will probably be Sprint; however, as of the date of the hearing, Sprint and The Free Network had not entered into a contract. The person the Commission Staff should contact regarding financial information on the Company is Vitaliano Terracciano. In addition, Mr. Kollman testified the Commission Staff should contact him regarding regulatory issues. The customer service department will be operated initially by Unidial; however, The Free Network reserves the right to operate its own customer service department in the future.

Finally, Mr. Kollman testified the Company will abide by all the rules and regulations of the South Carolina Public Service Commission.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

#### **FINDINGS OF FACT**

1. The Free Network is organized as a corporation under the laws of the State of Michigan and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. The Free Network has the experience, capability, and financial resources to provide the services as described in its Application.

#### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to The Free Network to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for resale of its interexchange services which includes only maximum rate levels for each tariff charge. A rate structure

incorporating maximum rate levels with the flexibility for adjustment below the maximum rates levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. The Free Network shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. The Free Network shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1998).

4. If it has not already done so by the date of issuance of this Order, The Free Network shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. The Free Network is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. The Free Network shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If The Free Network changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, The Free Network shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket No. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. The Free Network shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

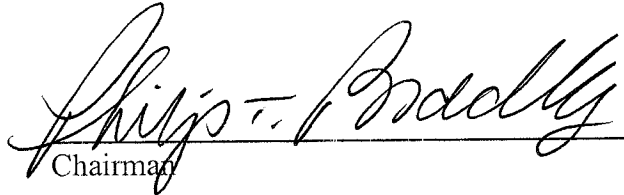
10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. The

Free Network shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

12. This Order shall remain in full force and effect until further Order of the Commission

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

**ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S**

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COMPANY NAME

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FEI NO.

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ADDRESS

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CITY, STATE, ZIP CODE

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PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR  
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- \* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN  
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF  
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR ENDING  
\_\_\_\_\_.
- \* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION  
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT  
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS  
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3  
ABOVE).

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SIGNATURE

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NAME (PLEASE TYPE OF PRINT)

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TITLE

DOCKET NO. 1999-098-C - ORDER NO. 1999-636  
SEPTEMBER 13, 1999  
ATTACHMENT B

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**INFORMATION OF THE AUTHORIZED UTILITY  
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL  
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION  
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission  
the name, title, address, and telephone number of the persons who should be contacted in  
connection with Customer Relations/Complaints.

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Company Name/DBA Name

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Business Address

---

City, State, Zip Code

---

Authorized Utility Representative (Please Print or Type)

---

Telephone Number

Fax Number

---

E-Mail Address

---

This form was completed by      Signature

If you have any questions, contact the Consumer Services Department at 803-896-5230